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DECEMBER 28, 1948
540th BROADCAST

Town Meeting

BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

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THE TOWN HALL

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Is Labor Entitled to Another Wage Increase?

Moderator, GEORGE V. DENNY, JR.

Speakers

JACOB K. JAVITS
FRANK B. KEEFE
STANLEY H. RUTTENBERG
WM. J. GREDE

(See also page 12)

COMING

——January 4, 1949——

Are Corporate Profits Too High?

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THE BROADCAST OF DECEMBER 28:

"Is Labor Entitled to Another Wage Increase?"

THE BROADCAST OF JANUARY 4:

"Are Corporate Profits Too High?"

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Town Meeting

BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR

DECEMBER 28, 1948 VOL. 14, No. 35

Is Labor Entitled to Another Wage Increase?

Moderator Denny:

Good evening, neighbors. Tonight, we are happy indeed to be the guests of the great fraternal Order of Eagles, whose national membership numbers 1,200,000, and particularly the Milwaukee Aerie with its twelve thousand members here in this city. Our co-hosts are quite appropriately the Milwaukee Town Hall and Station WMAW, over which so many of you now hear Town Meeting every Tuesday night.

Tonight's program on the subject "Is Labor Entitled to Another Wage Increase in 1949?" and next week's program on the subject "Are Corporate Profits Too High?" should be viewed together as it will be impossible for us to discuss wages without also considering profits.

There was a time when wages were not regarded as any of the public's business. Fifty years ago, discussions such as these would not have taken place. But this swift moving machine age of ours has made both wages and profits a matter of public concern and legislation.

This has come about largely due to the fact that wages, plus profits, plus taxes, plus materials, equals prices, and the price we pay for things we buy concerns every one of us. In the last analysis, both taxes and the cost of material also are determined largely by wages and profits. So these two subjects, wages and profits, are of paramount importance in our whole economic system.

We all know what's been happening to prices during the past three years, as we've seen both wages and corporate profits go steadily upward, we, the public, are beginning to wonder how this upward spiral can be checked.

In our free economy, prices are supposed to be controlled by the law of supply and demand, wages by bargaining—collective or otherwise, depending upon the circumstances—and profits by the enterprise and ability of management.

As we move into the new year, the most urgent domestic problem before the country is that of keeping our present thriving economic system thriving and going. Followers of communism are working and hoping for its collapse, but the vast majority of our population is working to keep it going.

Tonight, let no enemies of the American system take any comfort from the fact that differences of opinion will be expressed by our speakers. We are using free speech here to help us arrive at decisions that will be fair to all parties concerned. Our criterion in this kind of discussion is justice for all rather than the imposition of force by a victor.

Our principal speakers this evening are a labor leader, a manufacturer, and two members of Congress. We'll hear first from the labor leader. Mr. Ruttenberg was born in St. Paul, Minnesota, but soon migrated with his family to Pittsburgh, Pennsylvania. There he graduated from the University of Pittsburgh in 1937 and became an active labor organizer with the C.I.O. Except for his 3½ years in the Army and his year as assistant to the director of Hull House in Chicago, he's been steadily with the Congress of Industrial Organization, of which he's now Education and Research Director. We are happy to present Mr. Stanley Ruttenberg. Mr. Ruttenberg. *(Applause.)*

Mr. Ruttenberg:

"Is Labor Entitled to Another Wage Increase?" This is a loaded question, Mr. Denny, because American workers have not received any increase in real wages at all since the war ended. As a matter of fact, real wages—what the weekly pay check actually buys in goods at the corner store—have drastically declined.

Certainly, America's wage and salary earning families are entitled to and badly need a real wage increase. The Congress of Industrial Organization is convinced that the welfare of the Nation is dependent on it being obtained.

It is familiar knowledge to most Americans that there have been three rounds of wage increases in the mass producing industries since the termination of active hostilities in 1945.

The first round generally provided for an 18½ cent hourly increase, the second for 15 cents, and the third for 10 cents. These are fairly substantial increases. However, what is not so clearly understood by the American people is that most of these increases during the first three rounds compensated for the reduction of the total work week, that is the elimination of overime that occurred after VE and VJ days.

While average hourly earnings in manufacturing industries increased 31 per cent, average weekly earnings increased only 15 per cent. This, Mr. Grede and Con-

gressman Keefe, is the significant fact. Workers and their families live on *total income* and not on *earnings per hour.*

Corporations, as Mr. Grede can well testify, determine labor costs on the basis of total pay rolls and not upon the amount paid each worker per hour. It is therefore essential in the discussion of this problem, that we keep in mind that average weekly earnings — take home pay exclusive of taxes—increased 15 per cent since January, 1945, according to the Department of Labor.

Over this same period, the cost of living, that is, the prices of daily necessities, increased 37 per cent. The average worker can, therefore, purchase with current earnings, in spite of three rounds of wage increases, 17 per cent less — mind you, 17 per cent less—than when his earnings were at the wartime peak.

It would be well for Mr. Grede and Congressman Keefe to keep this in mind when they say, as they will, that workers are better off today than they were before the war.

We cannot and should not look backward to prewar years. We should look forward with a ray of hope and a sincere desire to see that living standards of the American people do not decline, as they have since 1945.

It has been gullibly accepted by many individuals that increased wages mean increased prices. This is a canard, a hoax. It is not necessary that prices increase each time wages go up. If this were true and if, as Mr. Grede will claim, prices are increased just enough to cover increased costs, it would be fair to conclude that profits would remain unchanged.

However, instead of profits remaining unchanged, they have continued to soar to new all-time highs. Profits in 1948 for all corporations as a whole will be 21 billions of dollars after taxes. This is twice the wartime peak and five times the level of the excess profit tax base years 1936 to '39.

One basic and important conclusion can be drawn. Prices have been increased with no regard to increased costs, but only with relation to what the market will bear. The fact that wages have increased has been used only as an excuse for increased prices and consequent increases in profits.

Today, America can only be prosperous if the people can provide a mass market for the output of our great productive machines. Real wages and salaries must be constantly rising to maintain a full employment, high production, American economy.

Three years of postwar inflation has undermined our great potential mass market by cutting the real earnings of most Americans and bleeding away their savings while only a handful at the top profited.

Already we hear warning sig-

nals from the shoe, the clothing, electrical equipment, textile, and other industries whose mass markets are beginning to lag. Real wage increases are therefore necessary in 1949. This time, however, such increases should not and must not be passed on to the consumer in the form of higher prices but should be absorbed in the present high level of corporate profits. *(Applause.)*

Moderator Denny:

Thank you, Mr. Ruttenberg. Our next speaker is a manufacturer, a small businessman. He's a native of Milwaukee who was educated in the public schools of this city and the University of Wisconsin and is president of the Grede Foundries, Inc., producers of iron and steel castings. This is a small business which started in 1928 with 30 employees and now employs over 800 men. He was an alternate member and participated in the deliberations of the President's Labor - Management Conference in 1945. We are happy to welcome to this platform, Mr. Wm. J. Grede of Milwaukee. Mr. Grede. *(Applause.)*

Mr. Grede:

Like Mr. Ruttenberg, I, too, think this is a loaded question and when asked to take this assignment I felt that the title did not give too much to argue about. As a firm believer in free, private, competitive enterprise, I believe in high wages; that is, real wages and that people who work for wages and salaries are entitled to receive what the customers—you and I—are willing to pay.

We who work are not entitled, as a matter of right, to any wages unless we earn them. Mr. Ruttenberg and Mr. Javits approach the matter as if unions and management could establish what you, the public, should pay instead of leaving that to you.

Actually, we are discussing whether we can afford to raise our wages and prices now and risk losing our customers. I cannot speak for all business as Mr. Ruttenberg speaks for all C.I.O. members, but I know from my own experience that in businesses like mine, this can't be done without seriously reducing demand and curtailing employment.

Anyone who has any experience selling knows that the higher the price, the less the number of buyers, and therefore, fewer sales and fewer jobs. This is true whether it applies to the milk produced on the farm, or the services of labor included in the products made in our factories.

It is for this reason that I would counsel all wage and salaried folk to do everything possible to hold wages and prices in order to preserve our market and our customers. Our jobs depend on this.

The unions would counsel otherwise. They contend higher wages and salaries can be paid from

profits without increasing the price to you.

In the public interest, this myth ought to be exploded before we are misled into a false sense of prosperity. Mr. Ruttenberg has given figures on total profits, but there are hundreds of small and many large corporations in this apparently prosperous year who are not making any profit.

Business profits are less than 6 per cent of the sales dollar. Wages and salaries account for nearly 85 per cent of cost. A 7 per cent increase in wages without a price increase will wipe out all the profit even with present high sales. Profits in dollar volume are large compared to what they were several years ago, but don't forget that, like your dollars, they are only 60-cent dollars and will not buy as much in new equipment or materials for expansion as they formerly did.

For instance, suppose you are a grocer and buy $100 worth of canned peas, which in the course of the year, you sell for $115. It looks like you've made $15. But when you find it necessary to replace the peas for next year's business, you must pay $110 for them and you actually have only $5 left, with the same amount of peas—not $15 as Mr. Ruttenberg and the tax department contends when reporting total profits.

Furthermore, you are not sure you can sell the peas next year for the $110 you paid for them. You, as the grocer, now have learned what is meant by paper or phoney profit. Professor Slichter of Harvard University, on that realistic basis, calculates 1947 profits not at 18 billions as reported, but more nearly 12 billions.

Wages have gone up 90 billion dollars per year, since 1940. Corporation profits, including the paper or phoney profits, have gone up 14 billion dollars during the same period. Which increase, do you think, affected prices most?

Like the majority of union leaders, Mr. Ruttenberg compares wages and cost of living at the end of the war with the present time. Actually we all know that on VJ day we had the tightest labor market and the highest and most distorted wage price structure in our history.

A fair presentation compels us to compare the last peacetime year, 1940, with the present. Then we find that since 1940 weekly wages have increased 85 per cent, whereas the cost of living has increased only 61 per cent, so that real wages and the actual standard of living, Mr. Ruttenberg, are substantially improved.

Corporation profits are largely on paper, like the grocer's, and not in cans. They have gone into the purchase of new equipment, new plants, more inventory—peas, if you please. Most of these costs are more than twice what they were in 1940. Just as the new

house which costs $4000 in 1940 would cost you now $10,000 or more — largely due to increased labor costs.

Only if corporations continue to make a profit can they continue to operate and expand and give employment to increasing numbers.

As a matter of fact, larger real profits for the corporation you work for is the best assurance for your security. *(Applause.)*

Moderator Denny:

Thank you, Mr. Grede. Congressman Jacob K. Javits represents our 21st Congressional District in New York City. He worked his way up the hard way in New York, but soon after his graduation from New York University Law School became a partner in the firm of Javits and Javits. He was elected to the 80th Congress in November, 1946, and became one of the most active freshman Congressmen on the Hill. Congressman Javits, are you still with Mr. Ruttenberg on the affirmative of tonight's question? Congressman Javits of New York. *(Applause.)*

Congressman Javits:

The decision whether labor is entitled to another wage increase may well be the key to inflation or economic stability, to prosperity or depression. It not only affects our own economic condition, but that of the world; for the economic fulcrum upon which the whole democratic world turns is the United States. A depression here would realize the fondest dreams of the communist revolutionaries and give them their golden opportunity.

Labor asks for a wage increase on the grounds that it is needed to meet the cost of living, and to establish our standard of living on the level justified by our volume of production. Labor says a wage increase due to high corporate profits need carry with it no price increase.

Mr. Grede says that corporate profits are in inflated dollars and are reasonable as a proportion of the greatly increased dollar volume of sales and the replacement cost of plant and materials. He says that increased wages mean higher prices.

Let's deal with facts first. What is our economic society organized for? To create and distribute justly the greatest amount of well-being in terms of goods and services.

Our production received an enormous impetus during the war and is increased by 50 per cent over 1939—in terms of 1939 dollars, about 127 billion dollars compared to 72½ billion dollars—while our population has increased only 10 per cent.

To sustain our economy, the real increase in goods and services must be gotten to the people. In terms of what a dollar will buy, labor's earnings were up about 50 per cent in 1946. That represented a real

increase in the standard of living, but by June, 1948, this 50 per cent had been cut in half by the 70 per cent rise in the cost of living.

Now Mr. Grede and Congressman Keefe would make much of the fact that the cost of living price index has turned downward for the past two months. But this is *two* months out of the *thirty-six* in which it has been going steadily up. And it's still materially higher than it was in January of this very year, 1948.

Figuring the cost of shelter, clothing, food, gasoline, medicine, and recreation, can the average American family get along adequately even on the high of average weekly earnings of factory employment of $54.18 a week?

And what about the employees in retail trade who average a little over $30 a week, and the white-collar workers generally.

The Bureau of Labor Statistics are certainly not extravagant and it says that over $60 a week is the minimum for decent living for a normal family.

Labor negotiations generally come up once a year, and they will come up again in the early part of 1949. Based on postwar performance of booming price increases and booming profits, can labor alone be asked to take the risk that the cost of living will keep on coming down? Must labor not fight to retain its postwar gains based on the increased productivity of our economic machine? To retain them in the absence of assured economic stabilization and price decreases, it must ask for wage increase.

The opportunities of the statesmanship of this juncture are very great: government statesmanship, of course; industrial statesmanship of the type advocated by leaders like Clarence Francis of General Foods, and Charles E. Wilson of General Electric; and especially for labor statesmanship, as labor is the upcoming social and political force in our Nation.

I would like to see labor leadership bargain for price stability and price decreases in commodities such as steel in exchange for modifying wage increase demands.

I would like to see labor leadership itself see to increased productivity. Advanced unions, like the International Ladies Garment Workers and the Amalgamated Clothing Workers, are already insisting that they must be permitted to work with management to insure maximum efficiency of operation.

I'd like to see the millions of consumers, life insurance policy holders, savings bank depositors and investors, fearing, on the one hand, more inflation and even higher prices and, on the other, strikes and stoppages, insist on this type of labor and industrial statesmanship. For it is this public which knows that in our country depressions are man-made, and,

that with adequate cooperation and coordination, we can lick them.

It's this public which has the true vision of a democratic America far greater tomorrow than even she is today. *(Applause.)*

Moderator Denny:

Thank you, Congressman Javits. Now our fourth speaker, Congressman Frank B. Keefe, was born in Winneconne, Wisconsin, but moved very soon to Oshkosh. However, he went to the University of Michigan for his college and legal training. Congressman Keefe has been active in public affairs in his state for many years. He has served as president of the Eagles Lodge in his home town, and was first elected to Congress in 1938. Although he sits with Congressman Javits on the Republican side of the house, he takes the opposite view on tonight's discussion.

I take pleasure in presenting Congressman Frank B. Keefe of Wisconsin. *(Applause.)*

Congressman Keefe:

Mr. Ruttenberg and Mr. Javits have asked for a general hourly wage increase for all labor. They contend that past wage increases have been wiped out by rising prices, but they ask for a continuation of the inflationary practices which they condemn.

Certainly most prices since VJ-Day have been too high. Without going into a discussion of the many highly technical factors that brought this about, I am convinced that millions of our people are struggling to maintain a decent standard of living.

I think it will be conceded that certain well-organized and highly skilled labor groups have managed to maintain a real saving wage. Others in the labor field have just about broken even. The average of all workers has not kept pace with rising living costs.

Does a wage contract increasing the hourly wage guarantee any hours of work? It does not! Thus, the worker may rejoice over an increase in his hourly wage and yet find his annual income reduced because of fewer hours of work. He may also find his cost of living increased by higher prices.

I believe that the average worker wants security for himself and his family. This can never be obtained *merely* by raising hourly wages. The salaried worker, the so-called white-collar worker, the old-age pensioner, and the annuitants under social security, and private pension plans have suffered real hardship.

We see retail inventories at record high. We know that the economy cannot go on indefinitely turning out more goods than consumers can absorb.

You know that in the overall ultimate picture the artificial stimulation of business by the Marshall Plan, the military preparedness program, and agricultural price support, cannot per

manently support full production and employment. You know that most wage increases have resulted in commodity price increases, which means more inflation.

Now, I'm convinced that we will never be able to reconcile the conflicting contentions of industry and labor by discussing total labor on the one side and all industrial profits on the other.

While the method of determining profits for income tax purposes may indicate a gross overall profit for industry of 20 billion dollars, a shrinkage in inventory values, plus increased costs involved in plant extensions, repairs and replacements, make this high level of industrial profits more illusory than real.

I am convinced that if inflationary trends continue, many of the workers in this country will have to have wage increases in order to maintain themselves and their families, and to maintain the purchasing power necessary to consume and expand the production that will keep labor employed.

Many others in the labor force clearly are not entitled to wage increases. The price level of food and thousands of items of consumer goods that makes up the cost of living index is on the decline. This is all to the good.

A reduction in the cost of living is better for the worker than another wage increase, and it is certainly better for the whole economy.

Unless the inflationary spiral, resulting from sustained pressure for higher wages is brought to an end by voluntary action, the inexorable pressure of economic forces will ultimately put a stop to inflation, perhaps by harsher means, that is, through an industrial recession that will result in unemployment and perhaps complete loss of income for growing numbers of workers.

The shortages that created the seller's market for many goods are vanishing, and here and there, hours of workers are being curtailed, and some are being laid off. While total industry is enjoying high profits, there are thousands of small industries in this country that are not.

It certainly is not in the interest of business to cut away its own market by pricing its commodities out of the reach of the consuming public, and labor achieves no lasting benefit if, in the end, such wage increases as are granted are canceled by a continuance of rising living costs.

The way to industrial security and business prosperity, as I see it, lies in the stabilization of both wages and prices. Stabilization of prices cannot be achieved by one group alone. It means that business, labor, and all other groups of the economy must decide as a result of concerted, intelligent action to accept those profits and

wage increases only as they are earned, by improving efficiency, saving waste, and increasing production without the necessity of rising prices. *(Applause.)*

Moderator Denny:

Thank you, Congressman Keefe. Well, gentlemen, you seem to have time for a brief discussion before these Eagles and Town Hallers descend upon you with questions. So, won't you join me up here around the microphone, and we start our discussion with Mr. Ruttenberg. Mr. Ruttenberg?

Mr. Ruttenberg: Mr. Grede, in his main statement, indicated that since 1940 wages have increased faster than have prices. In other words, workers are better off today than they were in 1940. Then he indicated that wages and salaries have gone up—I think the figure he used was some 90 billions of dollars—and that profits have gone up some 14 billions of dollars. But what Mr. Grede failed to indicate to you was that the wages and salaries increased figure that he gave was *before* taxes and the corporate profits figure was *after* taxes.

What he also failed to indicate to you was that there are some 60 million workers sharing in that 90 billion dollars, while there are less than 3 million corporations sharing in the 14 billion, which

THE SPEAKERS' COLUMN

BENJAMIN ABRAHAM JAVITS—A Republican from New York, Congressman Javits is a member of the House Foreign Affairs Committee. Born in New York City in 1894, he was a student at the College of the City of New York and received his LL.B. from Fordham University. From 1911 to 1922, Mr. Javits was a counselor in the fields of selling, management, industrial reorganization and business. Since he was admitted to the bar in 1922, he has practiced in New York City where he is a member of Javits & Javits, specializing in corporation practice, corporate reorganization, trade association law, and antitrust laws.

Mr. Javits has been active in many outstanding movements along legal lines and is a member of many groups, both federal and local, interested along these lines. He is the author of several books, pamphlets, and magazine articles, particularly in the antitrust field.

STANLEY RUTTENBERG—At the age of 31, Mr. Ruttenberg became director of education and research for C.I.O., last September. His first work with C.I.O. was in 1937 upon graduation from the University of Pittsburgh. Part of the work of his department is publication of C.I.O.'s monthly *Economic Outlook.*

Born in St. Paul, Minnesota, he soon moved with his family to Pittsburgh, Pa. Except for three and one-half years in the Army and a year as assistant to the director of Hull House in Chicago, he has been with the C.I.O.

FRANK BATEMAN KEEFE — Republican Congressman from Wisconsin, Frank Keefe was born in Winneconne, Wisconsin, in 1887. He is a graduate of Oshkosh State Normal School and has a law degree from the University of Michigan. He taught school for one year, but after his admittance to the bar in Wisconsin in 1910, he practiced law in Oshkosh. Since 1939, he has represented the 6th Wisconsin District in Congress.

Congressman Keefe is vice-president and director of the Oshkosh Building & Loan Assn.; director of the Oshkosh National Bank and the Dauber Company; and president of Lake View Memorial Park.

WM. J. GREDE (grady)—Mr. Grede is president of Grede Foundries, Inc. of Milwaukee, Wisconsin. He is a member of the Industrial Relations Committee of the National Association of Manufacturers, and former president of the Wisconsin Manufacturers Association.

should have been, by the way, 22 billion. *(Applause.)*

I would like to ask Mr. Grede a question: How can our economy ever move forward if we take the position, "Let's look backward," instead of looking forward? *(Applause.)*

Mr. Grede: In response to that, Mr. Ruttenberg, may I say that it's true there are in numbers considerably less corporations than there are individuals; on the other hand, the corporations are made up of millions of stockholders, all of whom have an interest in the investments of these corporations.

It is difficult to use general figures in a five minute talk without a complete explanation. But as business expands, business also requires funds to increase its investment, and billions of dollars have been invested in new plants, and the only way industry can get those billions of dollars from the investing public is either out of profits or out of additional investments. So, in order to protect expanding industry and to protect your jobs, you must have profits to enable industry to continue its reinvestment program and expansion. *(Applause.)*

Mr. Denny: Thank you, Mr. Grede. Mr. Ruttenberg has a comment.

Mr. Ruttenberg: When you talk about the many stockholders that corporations have you realize, Mr. Grede, that corporations distributed, in 1948, only one-third of their profits after taxes, while in the prewar years, in good old 1929, they distributed three-fourths of their profits in dividends.

Mr. Grede: Which, of course proves my point that corporations do not have 100-cent dollars. They now have only 60-cent dollars, and so to replace that worn out machine they need many more dollars and, therefore, have considerably less to distribute because it is required, to keep their business going, to invest those profits in their materials—as the grocer has in the peas—and in their equipment. *(Applause.)*

Mr. Denny: Thank you. Now, Congressman Javits. *(Applause.)*

Congressman Javits: I have a question for both Mr. Grede and for Congressman Keefe, Mr. Denny. For Mr. Grede, I'd like to call his attention to the fact that the stockholders about whom he speaks—and truly the stockholders and the savings bank depositors and the life insurance policyholders are the backbone of our country—don't have enough confidence in the future of our country to invest their money in industry securities. They only bought about 4 billion, two hundred million dollars worth of industry securities in the last nine months, while industry spent 13 billion dollars to rehabilitate its plants in that same period.

Now, if you will go for constructive economic policies, you

can get the money that you need to rehabilitate your plants out of the investor and not out of prices, where you're getting them today.

Now Congressman Keefe, I'd . . .

Mr. Denny: Let's stick to that one question for a minute, Congressman, and let Mr. Grede answer that. He's getting nervous over here to get to the mike again. Yes, sir, Mr. Grede, go ahead.

Mr. Grede: I'll be glad to answer that one, Congressman Javits, because I have a personal experience in that kind of a problem. I don't operate a United States Steel which has a national reputation and you simply go down to Wall Street and get a hundred million dollars. There isn't any broker that'll underwrite any money for me for public investment. The only way that I can make my small business grow—and that goes for thousands of other small businesses—is to continually plow back what profits we can make in our business and in that way expand and expand our job opportunities. *(Applause.)*

Mr. Denny: Thank you. All right, Congressman Javits.

Congressman Javits: And I think you will say, at least, that, if you want to get the profits to plow back into your business, you've got to have the worker customers who are going to buy your goods, and that's what Mr. Ruttenberg and I are talking about—putting purchasing power in the hands of the people who will buy your goods. *(Applause.)*

Mr. Denny: Thank you. Congressman Keefe?

Congressman Keefe: Well, I think that's a splendid idea—to put purchasing power into the hands of the people who are the consumers. Everybody believes in that. Everybody knows that they won't be able to sell their goods unless the people who buy are able to buy, but there is a limit beyond which this thing cannot go.

I agree fully with Mr. Grede that I know of company after company—right in the Fox River Valley that I have the honor to represent in the Congress—small businesses, that make up the sum total of these corporations that have reported income which you say accounts for a total income of 21 billions of dollars—I know that those companies have had to plow their profits back into their business time and time again, and are unable to go out and get public financing for their business. Were it not for the level of profits which has enabled them to do that, plant after plant in the small plant class, that employ a hundred or a hundred and fifty or two hundred people, would never have been able to stay in business and create the jobs which they have. And after all, in the over-all picture throughout America, it is those small plants that are furnishing the greatest number of employ-

ment opportunities. Isn't that true? *(Applause.)*

Mr. Denny: All right, thank you, Congressman Keefe. I wish there were time for more of this, but you have over 5,000 people in this representative audience gathered here by the Eagles and the Town Hallers, so while we get ready for our question period, I'm sure that you, our listeners, will be interested in the following message.

Announcer: You are listening to the 540th broadcast of America's Town Meeting originating tonight in Milwaukee, Wisconsin. We are about to take questions from the audience.

For your convenience, Town Hall prints each week a complete text of each Town Meeting, including the questions and answers to follow in the Town Meeting Bulletin. Copies of tonight's program, as well as past and future programs, may be secured by writing to Town Hall, New York 18, New York, enclosing 10c to cover the cost of printing and mailing. You should allow at least two weeks for delivery.

If you would like to subscribe to the Bulletin for six months, enclose $2.25, or for a year send $4.50. Or, if you would like a trial subscription, enclose $1.00 for eleven issues.

Now, for the question period we return you to Mr. Denny.

QUESTIONS, PLEASE!

Mr. Denny: Now we are ready for the question period here in the Milwaukee Eagles Hall. We start with a question from the gentleman down there in the red tie.

Man: My question is directed to Mr. Ruttenberg. I would like to ask Mr. Ruttenberg if organized labor is making any effort to increase individual efficiency in order to justify further wage increases?

Mr. Ruttenberg: That could be answered very simply. They most certainly are. Let me also point out that increased efficiency does not only result from the individual worker effort, it results from the efforts of industry to increase its capacity to improve its efficiency by the installation of new machines and new processes.

But as for your specific question, labor is doing everything in its power to see to it that productivity is increased on the individual basis. However, there is a particular kind of problem. People do not turn out their full day's work if they're not assured of continued employment. Let us develop a full production and a full-employment economy and then we'll have no problem about the worker's productivity on the job. *(Applause.)*

Congressman Keefe: Mr. Denny.

Mr. Denny: Congressman Keefe has a comment.

Congressman Keefe: The answer of Mr. Ruttenberg's seems to assume that we're not now in a full production economy, and yet the records show that we have nearly sixty million people employed—the greatest number ever in the history of our Nation. We have the greatest production in this country ever in the history of our Nation. What do you mean by saying that we're not in a full production capacity right at the present time and full employment? *(Applause.)*

Mr. Denny: Mr. Ruttenberg?

Mr. Ruttenberg: I'm mighty glad you said that, Congressman Keefe. What I simply mean is faith in the future. We are now faced with unemployment in textile industries, in the clothing industry, in the shoe industry, in the electrical equipment industry, and in many other soft goods lines. Let us establish a continued full employment and full production economy in which the worker can have faith in the future, and then we'll have no worker lie down on the job, if that's what the question is about. *(Applause.)*

Mr. Denny: Just a second. Congressman Keefe?

Congressman Keefe: Well, I just want to say this, that I don't think the gentleman has responded to the implications of the suggestion that I made. I say that we have a full economy right now. That's what we have. Our sixty million people working at the highest wage ever in the history of the country.

You're now looking forward, as a representative of the C.I.O., to bankruptcy and to losing jobs and all that sort of thing. I thought that was the thing that you cautioned Mr. Grede and me to beware of, and to look ahead and to have faith in the country. *(Applause.)*

Mr. Denny: Thank you. Thank you. Now, Congressman Javits?

Congressman Javits: We don't want to get off the deep end on the question of productivity. There is no question about the fact that productivity is the rock upon which the American economy is founded, but—and I think all will agree to that, including Congressman Keefe—you can't increase the efficiency of production except if management and labor join in. It's not fair just to say that labor has to earn it by increased productivity until management does its part and does it to the full. *(Applause.)*

Mr. Denny: Thank you. Well, we got Mr. Grede on his feet now. Mr. Grede?

Mr. Grede: May I take the opportunity to make my point again? Mr. Ruttenberg has very clearly said that increasing productivity is also a problem of management in the investment of new and more efficient machinery. If his proposal is to raise wages and take the en-

tire increase in wages out of profits, where is industry to get the funds with which to install this more efficient machinery? *(Applause.)*

Mr. Denny: Thank you. Here's Mr. Ruttenberg back again. Yes, Mr. Ruttenberg?

Mr. Ruttenberg: First about Mr. Keefe—certainly we have full employment, we have relatively full production, generally speaking, but what I am saying specifically is, let us develop continued full employment and full production.

As for Mr. Grede, he ought to join with Congressman Javits and me in advocating that we develop faith in the future so that the small businessman, like Mr. Grede, can go to Wall Street and go to the money markets and get the kind of capital he needs to expand capacity or he needs to improve his efficiency. That requires that not only Mr. Grede's corporation but that the big corporations, which set the pattern for the future, distribute their dividends to the stockholders so that the stockholders and the public are convinced that there is something in it for them if they buy the stocks of these corporations. *(Applause.)*

Mr. Denny: Thank you. I can see a new Town Meeting in the making, "How Can We Have Faith in the Future?" We'll have to discuss that some time. Now let's go on with the question period. I see a great many hands up here tonight. We'll take another question from the gentleman in the brown coat here.

Man: My question is addressed to Mr. Grede. Can and will prices be lowered by manufacturers, if there should be no general wage increase in 1949?

Mr. Grede: Let me answer that question by saying that if prices are to be lowered, they'll be lowered by the people who buy. You set the price. *(Cries of dissent.)*

Congressman Javits: I'd like to make a comment on that.

Mr. Denny: All right. Thank you. Mr. Javits wants to make a comment.

Congressman Javits: I think the questioner has put his finger exactly on the proposition that's at issue in this whole controversy. *(Applause.)* If industry would come forward—if key, basic industries would come forward—and would say to labor, "We are going to decrease prices if you hold off your wage demands," then we could really have a test as to who's acting in the public interest and not until then. *(Applause.)*

Mr. Denny: Thank you. Yes, Congressman Keefe?

Congressman Keefe: I don't find myself in too great disagreement with my good friend, Congressman Javits of New York, on that particular situation. I stated in my opening statement that very situation: that, in order to arrive at a proper solution of this problem, there must be cooperation from

all groups, labor as well as industry.

Now the point I want to make is this: Congressman Javits in his opening statement referred to the great work of Mr. Wilson of General Electric. He referred to him as one of the altruistic fine businessmen that ought to be emulated in the field of business. I have before me the statement of Mr. Wilson just given before the Joint Committee on Economic Report, investigation of corporate profits on December 16. Mr. Wilson's company, the General Electric, tried, on January 1 of this year to reduce the prices of their commodities. They tried, and followed it up on April 1, to further reduce the prices of their commodities to the consumer, but they have found that they were not successful in their efforts because it must take an over-all effort of all industry in this country and all labor, if we're going to have a general price recession that will accommodate and stop this spiral of inflation.

In his testimony, he very clearly said that constant raises in wages and salaries to the extent that they are not balanced by comparable increase in output per man hour can only result in higher prices. *(Applause.)*

Mr. Denny: All right. Congressman Javits.

Congressman Javits: I think we're doing something very useful here. We're elucidating a very critical point. What Mr. Wilson had to contend with was the fact that the general wage approach in the whole electrical industry was what defeated him. What I urge, and I think what Congressman Keefe urges, if that we can narrow it down to that, is the approach to this thing, industry by industry, beginning with a basic industry like steel. And you, the public, can do more than anybody else to make both labor and management statesmanship agree in the coming days that wage demands shall be modified or eliminated in turn for price increases in basic industries, industry-wide.

I thoroughly agree that that is the real way in which it can be done. It needn't be done in all of industry, to begin with, but the parade has got to be started in the basic industries like steel. *(Applause.)*

Mr. Denny: Thank you. Now, Mr. Grede?

Mr. Grede: I'd like to suggest that we in America, here, are so opposed to monopoly, we're opposed to conspiracy, either on the part of labor or on the part of management, and certainly we're opposed to conspiracy by both. We tried it under the Blue Eagle. We tried, under the Blue Eagle, to establish wages and prices jointly, and we got into serious trouble. To reiterate my point that *you* set the price, let me say this. You've had an experience during the last two years of automobile companies setting the price

on their automobiles. They set the sales price, but you set the final price by going to the used-car lot and paying from \$500 to \$1,000 more than the manufacturer's price, so you set the price. *(Applause.)*

Mr. Denny: Thank you. Mr. Ruttenberg?

Mr. Ruttenberg: Nothing would be more healthy for our economy as a whole than for prices to come down. I should like to make two brief points. After the first World War, we leveled off at a price range considerably higher than when we went into the war. That we can expect after this second World War.

The second fact I should like to make is this: that never in the entire economic history of America have prices voluntarily declined in advance of a depression. Keep that in mind when you talk about voluntary price declines.

We must get used to operating at higher price levels, higher profit levels, higher wage levels, and a higher national income for everybody. My point is, let's share those more equitably than we're doing it today. *(Applause.)*

Mr. Denny: Thank you. Now, Congressman Javits.

Congressman Javits: Mr. Grede said something which I think has got to be answered. He said that what we're advocating is a conspiracy as between labor and industry. Well, if that's a conspiracy, then it's a conspiracy of all the American people for the benefit of all the American people, and the American people have had a way of showing in a few elections in the past that they're not to be taken for granted and that they won't be scared by shattering precedents. *(Applause.)*

Mr. Denny: Thank you. Now, we'll take the lady there with the red cape.

Lady: I address Mr. Grede. Mr. Grede, if you please, when price controls were forced upon labor, finally, after the war, price controls—I mean wages—pardon me, I meant to say wages were—ceiling was placed upon wages, and after the war, of course, the horse was let out of the stall—

Mr. Denny: I'm sorry, madam, 25 words is the limit on questions.

Lady: I'm sorry. When labor, if you please, when the ceiling was released, was it fair to let the prices immediately boom, and then say, "Now we're going to let the wagon roll down hill. Now, horse, you try to catch up with it." It's still going on.

Mr. Denny: Yes. All right. We've got the idea.

Lady: Was that fair?

Mr. Denny: I think what the lady is asking is was it fair to take off all the controls at the end of the war and let prices seek their level. I don't know what she meant by wages in connection with that. What did you mean by wages in connection with it? There were no wage controls at that

time. Were you implying that there were wage controls? Wage ceilings? There were no wage ceilings at that time. Let's take the next question from the lady over here. Young lady over here on the aisle.

Lady: My question is directed to Mr. Javits. The question I want to ask is why won't further wage increases, purchasing power, as you call it, lead to higher prices and more unwanted inflation?

Congressman Javits: I think that gets down to the argument of the profit level of American industry and how much of a wage increase can be taken in connection with that profit level. It gets on to the point that I made before, that you've got to have in these wage negotiations a joint effort on the part of labor and management for the purpose of increasing productivity and increasing efficiency. I think that if you take it from both sides, appreciating the labor situation as it stands today in the face of the high cost of living, you can have a wage increase without having an increased inflation.

Mr. Denny: All right. Thank you. The gentleman at the back of the hall. Yes?

Man: My question is addressed to Congressman Keefe. This is my question. In your opinion, how long can this cycle of wage and price increases continue before a depression or some other very serious consequence occurs?

Congressman Keefe: Well, I'm neither prophet nor a seer. Therefore, I wouldn't attempt to prophesy, except to say this, that if the good intelligence of the sound-thinking American people cannot be made to prevail, just as my good friend, Mr. Grede has indicated, so that you, the people of America, yourselves, will pass by the thing in the market that is selling way out of line and you know it, and will pass by the canned goods on the shelf that's selling way out of line and you know it—what he means to say is, "You'll bring those prices down." They will come down because the mass buying public of America have the chance to have their way. If you do that, you'll make a real contribution in this situation. *(Applause.)*

Mr. Denny: Thank you. Thank you, Mr. Keefe. Now, while our speakers prepare their summaries of tonight's question, here's a special message of interest to you.

Announcer: It's almost time for those New Year's resolutions and many of us are thinking in terms of what *not* to do in 1949. May we just suggest something to you to help yourself and America find the right answers to the many perplexing problems before us. By resolving to call your friends and neighbors—perhaps, one or two each week—reminding them to listen to America's Town Meeting each Tuesday night, you can

be a modern Town Crier, simply by picking up your telephone.

If you want to organize your own discussion club, you can do that by inviting friends over to your house to listen and to discuss the subject after the program has gone off the air.

For those of you who wonder just what you can do to help democracy work, Mr. Denny, president of Town Hall, in New York, has written a small, pocket-sized pamphlet to answer the question asked by so many Town Meeting listeners, "What can I do?" The first edition was exhausted last spring and the second edition has just been printed. It tells you simply and directly how to be an active citizen, how you can play your part in making this democracy of ours work. It also tells you about the various activities that take place in this world famous Town Hall. You may secure your copy by sending 10c to Town Hall, New York 18, New York, asking for the pamphlet entitled, *"What Can You Do?"*

Now for the summaries of tonight's discussion, here is Mr. Denny.

Mr. Denny. Now, here is Congressman Jacob K. Javits of New York.

Congressman Javits: The case for another wage increase must be based on the materially higher cost of living, the dilution suffered by labor since 1946 of the higher living standard earned during the war, the need for a broad base of purchasing power to absorb our 50 per cent increase in production, and the fact that it is high prices which support corporate profits, and prices should come down. Without assurances of economic stabilization and price decreases, which statesmanship could give us, and which Mr. Grede's and Congressman Keefe's arguments do not give us, we are left no other alternative for labor than to ask for wage increases. *(Applause.)*

Mr. Denny: Thank you. Now, Congressman Keefe, please.

Congressman Keefe: Statistics clearly show that, while the aggregate of industry is enjoying high profits, there are thousands of small industries in the country that are not. Therefore, to arbitrarily say without consideration of its effect upon the entire economy as do my good friends, Mr. Javits and Mr. Ruttenberg, that the aggregate of all labor is entitled to a wage increase will not permit an affirmative answer. The best hope for maintenance of a high level of industrial activity, on which the well-being of wage earners, farmers, and the business group lies, is a stable price structure.

Mr. Denny: Thank you, Congressman Keefe. Now a final word from Mr. Wm. J. Grede.

Mr. Grede: In the last analysis, wages come only from production. Wages are the largest single item of cost. Profits are largely

paper profits. Real profits are very thin. Therefore, increased prices are inevitable if increased wages first get into higher costs and then get into a stronger buyer's market. Higher prices will definitely retard buying. Sales only develop production and all wages must come from production. Don't let a labor monopoly like Mr. Ruttenberg's C.I.O. upset the market so as to destroy production and our jobs. *(Applause.)*

Mr. Denny: Thank you, Mr. Grede. Now a final summary from Stanley Ruttenberg.

Mr. Ruttenberg: Even if the point is conceded, which I do not concede, that Mr. Grede and Congressman Keefe have made—that profits are not as high as the dollar figures indicate them to be—profits are still, by their admission, twice the wartime average. As profits soar to new all-time highs they do so at the expense of the consuming public and the wage earner. To establish equity in our economy, profit levels must be reduced through wage increases and price stabilization. This is not only possible, but it is essential if we are to have continued full employment and full production. *(Applause.)*

Mr. Denny: Thank you, Mr. Ruttenberg. Congratulations to each and every one of you. I think you've set a good pattern for the gentlemen who are going to meet sometime in January for the Labor-Management Conference in Washington. I hope they'll use this technique.

Our thanks also to the Eagles, the Milwaukee Town Hall, and Station WMAW, our auspices on this occasion.

If you want a copy of tonight's program, complete with questions and answers, send to Town Hall, New York 18, New York, for a copy of the Town Meeting Bulletin. Be sure to enclose ten cents to cover the cost of printing and mailing.

Next week from Town Hall in New York, we'll discuss the question, "Are Corporate Profits Too High?" Our speakers will be Congressman Wright Patman, Democrat of Texas; Leon H. Keyserling, lawyer and economist; Henry J. Taylor, radio commentator; and Robert S. Byfield, financial writer of New York.

Now, I'm going to ask our announcer to introduce a distinguished guest who is with us here tonight.

Announcer: We are pleased to welcome Mr. DeVere Watson, Grand Worthy President of the Fraternal Order of Eagles, who has come to Milwaukee to make a presentation to Mr. Denny. President Watson. *(Applause.)*

Mr. Watson: For your service to democracy in promoting intelligent thought and discussion of vital subjects of the day, it is a privilege to present to you, Mr. George V. Denny, Jr., the National Civic Service of the Fra-

ternal Order of Eagles, on behalf of one million Eagle members in over 1700 Eagle communities, I want to thank you for keeping alive the precious American heritage, the Town Meeting idea. We wish you well. *(Applause.)*

Mr. Denny: Mr. Watson, I am deeply grateful for this honor bestowed on me by the Fraternal Order of Eagles and I want to accept it on behalf of my associates at Town Hall, the American Broadcasting Company, and the 252 individual station managers from coast to coast who cooperate with us each week in bringing this program to millions of listeners.

So friends, plan to be with us next Tuesday and every Tuesday at the sound of the crier's bell. *(Applause.)*

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